

Millennium Challenge Albania **MONITOR**



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The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the **Government of Albania (GoA)** and **Millennium Challenge Corporation (MCC, www.mcc.gov)**, administered by **USAID** assists the GoA to reform and modernize tax administration, public procurement, and business registration processes, through IT solutions and legislative enhancements.

LEGISLATIVE DEVELOPMENTS

Towards a new tax procedure law

The Ministry of Finance started drafting a new unified tax procedures law, with project assistance. The proposed unified tax procedures law is based on the gap analysis of the existing tax procedures against international and EU best practices. Among other things, the proposed law will introduce a prominent section on taxpayers' rights and will include measures to reform the appeals process.

Making e-procurement possible in Albania

With support by the project, the Public Procurement Agency (PPA) prepared a set of regulations which are critically important for the full utilization of the e-procurement system. The regulations are based on the existing Albanian legislation, best international and regional practices, and are in full compliance with EU directives. The e-procurement regulations are currently being reviewed by affected ministries and other contracting authorities and will be submitted for approval to the Council of Ministers in May 2007.

The new draft NRC law goes to the Parliament

On March 14 the Council of Ministers approved the draft NRC law submitted by the Ministry of Economy, Trade, and Energy (METE). On March 26, the Prime Minister submitted the draft NRC law to the Parliament. The amendments that are required to other existing laws in order to permit implementation of the NRC law were also approved by the Council of Ministers. The project also supported METE in preparing the secondary legislation required to create the NRC and to implement business registration reform processes. These 16 separate documents will be reviewed in the coming weeks through an inter-ministerial process so that they can be formally enacted by the Government immediately following the NRC Law's approval by Parliament.



METE presents the new draft NRC law to a hearing of three Parliamentary commissions

Dear Readers,

The Millennium Challenge Albania Threshold Agreement offers our country the opportunity to strengthen the rule of law, expand economic freedom, and reduce corruption.

Due also to the comprehensive and qualitative support by the Millennium Challenge Albania project, the draft-law "On the National Registration Center (NRC)" was completed within a very short time and is expected to be approved by the Parliament. The NRC-related amendments were drafted and, for the first time in the Albanian legislative experience, all the secondary legislation was prepared concurrently. The entire preliminary political and legal process for this draft law was based in deep analysis, open consultation with, and inclusion of suggestions by interest groups.

We are currently testing the IT system for NRC, completing the NRC infrastructure, and planning for selection and training of staff. The new NRC law specifies that the center will open its doors by September 1, 2007.

Established on simplified procedures and based on modern technologies, NRC will eliminate delays and unwanted bureaucracy, thus allowing a very low cost one-day registration process for businesses. NRC will serve as a permanent partner to businesses in Albania by guaranteeing qualitative and immediate information on rules for conducting business and obtaining licenses. The Center will provide online information to the public and third parties, by meeting the most advanced European standards in this field.

NRC will be the first fully computerized institution in Albania. It will become part of a modern e-government system and a key step towards a knowledge-based society.

I am convinced that such a success will open doors for Albania to further support by the Millennium Challenge Corporation and will facilitate the EU integration process.

Sincerely,
Genc Ruli
Minister of Economy,
Trade and Energy

Note: As this issue of the newsletter was going to print, the Parliament approved the NRC law.

INSTITUTIONAL CAPACITY BUILDING

Working Groups for Tax Reform Established

The Tax Implementation Oversight Committee, established to guide and monitor project implementation, engage senior staff of the General Directorate of Taxation (GDT), and increase their ownership in the reforms, met twice in the past two months. The meetings resulted in joint action plans and working groups for e-filing and e-payment and web-site enhancements.

Public Procurement Training Needs Assessment finalized

During March and April 2007 the Millennium Challenge Albania project conducted a National Training Needs Assessment for public procurement as a first step in preparing a master plan for conducting training for public procurement officials, contracting authorities, and economic operators in Albania. The assessment was based on semi-structured interviews with procurement officials representing 52 institutions at the policy, strategic, municipal, and commune level, as well as with representatives of the Public Procurement Agency (PPA), the judicial system, the Supreme Audit Office, and training providers.

E-GOVERNMENT

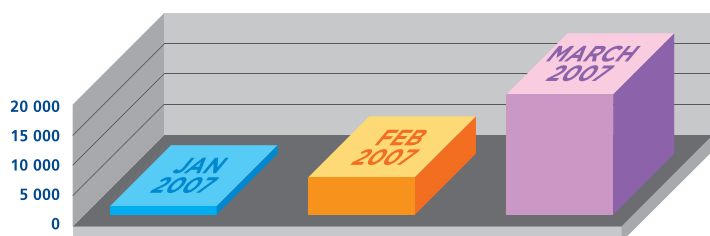
E-filing prototypes introduced to tax administration officials

On March 27, the project's IT team introduced the e-filing and e-payment prototypes to GDT senior staff. The system will be piloted in the Large Taxpayers Office (LTO) and will allow business taxpayers with annual turnover of more than 150 million LEK to file and pay their VAT tax on-line. As a next step, on-line filing and payment capabilities will be extended to profit tax and withholding of personal income taxes for these business taxpayers. This new service will reduce administrative costs incurred by business taxpayers, and will enable the tax administration and the taxpayers to have updated and accurate information on taxes paid by such businesses. Starting June 1, the e-filing and e-payment system will be tested with large taxpayers, with the goal of becoming fully implemented in LTO in the fall of this year.

E-procurement platform tested

During April, several tests of the e-procurement platform for public procurement took place. PPA representatives and selected contracting authorities at the local and central level participated in role-plays to test the project's newly developed e-procurement system, which is based on the EU e-procurement prototype. With improvements incorporated after the first round of comments, the e-procurement will be fully tested in at least two pilot contracting authorities by June 30. Once in place, the e-procurement system will enable improved efficiency and transparency of the procurement process in Albania.

Tender Notices Downloaded



Due to upgrades in the PPA web site that allow free access to tender documents for businesses throughout Albania, the number of visitors to the PPA web site rose dramatically from January to March 2007

UPCOMING EVENTS

Four roundtables on the new public procurement legal framework will take place during May and June. The roundtables will target the businesspeople in the regions outside Tirana.

The public education campaign on the new NRC law will continue during May and June 2007. The campaign will further inform the business community and the public about the law and upcoming NRC benefits and services.

PUBLIC OUTREACH



Businesswomen attended a roundtable on Albania's new legal framework for public procurement

Educating the business community on the new public procurement legal framework

In the past two months, the project supported PPA in organizing four roundtables to more than 120 representatives of the business community on the new legal framework for public procurement in Albania, as well as on the new features of the PPA web site (www.app.gov.al) that allow businesses to download tender documents free of charge and with anonymity.

Interactive discussion on e-procurement launched

On April 18, Deputy Prime Minister, Gazmend Oketa, and PPA Director, Klodjana Cankja, led a discussion on the progress and the future of e-procurement in Albania. Members of Parliament, other government officials, and representatives of contracting authorities, business associations, and international donors learned about activities to introduce the e-procurement with support by the Millennium Challenge Albania project. The Deputy Prime Minister and the PPA Director invited participants, in particular the business community, to engage in the procurement reform by sending their comments and suggestions to PPA at the address e-procurement@app.gov.al.

Informing the business community on the new draft NRC law

After approval of the draft NRC law by the Council of Ministers, METE launched its campaign to inform the business community on the new draft law. A press conference, attended by 15 journalists, was organized on March 20 and NRC informational materials were distributed to more than 100 participants during the annual conference on the regulatory reform for business in Albania that took place on April 20.

When the e-filing and e-payment system is fully implemented, there will be nearly no opportunity for mismanagement and corruption. *By a GDT official that attended the orientation session on e-filing.*

For questions about the project and to subscribe to this newsletter, call or write to us at:

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